

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

IN RE CARACO PHARMACEUTICAL
LABORATORIES, LTD. SECURITIES LITIGATION

Case No. 2:09-cv-12830-AJT-DAS

**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION, MOTION FOR ATTORNEYS' FEES AND
EXPENSES, AND SETTLEMENT FAIRNESS HEARING**

IF YOU PURCHASED OR ACQUIRED CARACO PHARMACEUTICAL LABORATORIES, LTD. SECURITIES BETWEEN MAY 29, 2008 AND JUNE 25, 2009, INCLUSIVE, YOU COULD RECEIVE A PAYMENT FROM A CLASS ACTION SETTLEMENT.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

Your legal rights are affected whether you act or don't act.

Read this Notice carefully.

Security and Time Period: Caraco Pharmaceutical Laboratories, Ltd. ("Caraco") securities (stock symbol: CPD)¹ purchased or acquired between May 29, 2008 and June 25, 2009, inclusive (the "Class Period").

Settlement Fund: \$2,975,000 in cash. Your recovery will depend on the number of shares of Caraco securities you, and other Class Members² who file claims, purchased and sold and the prices at which you, and the other Class Members who file claims, purchased and sold those securities. The average settlement recovery per share will be \$0.396, and, if the Court approves the request for attorneys' fees and costs, the average recovery per share after attorneys' fees and expenses will be \$0.264.

Reasons for Settlement: The case has been aggressively litigated since July 2009. The Plaintiffs and Class Counsel believe that the Settlement provides the Class with a benefit now, instead of years of further uncertain litigation, including much discovery, document production, depositions, non-dispositive motion practice, summary judgment motions, a contested and lengthy trial, likely appeals, and the possibility of no recovery at all.

The Plaintiffs allege that Caraco's securities price was artificially inflated as a result of a series of untrue or materially misleading statements concerning Caraco's manufacturing operations compliance with appropriate guidelines and its ability to produce tablets of prescription medicine in uniform sizes. Plaintiffs further contend that Defendants made these statements knowing them to be false or misleading, or recklessly disregarding their false or misleading nature, and that investors suffered injury as a result of the alleged inflation.

The Defendants have denied and continue to deny each and all of the allegations made in the Complaint and all claims brought by Plaintiffs, deny that they engaged in any wrongdoing, deny that they committed any violation of law, and deny that they acted improperly in any way. Defendants maintain that they have meritorious defenses. The Defendants contend that all disclosures made to the investing public were proper, did not contain any misrepresentations of a material fact, and did not omit any material fact. Defendants also have denied and continue to deny the allegations that Plaintiffs or the Class have suffered damages, that the prices of Caraco securities were artificially inflated by reason of alleged misrepresentations, non-disclosures, or otherwise, or that Plaintiffs or the Class were harmed by the conduct alleged in the Complaint or otherwise. The Defendants allege that they did not act with the *scienter* necessary to sustain the alleged violations. If the Litigation were tried, recoverable damages, if any, would have been limited to losses caused by conduct actionable under the laws and, had the Litigation gone to trial, the Defendants intended to assert that the Class Members' losses, if any, were caused by non-actionable market, industry, or general economic factors. The Defendants have asserted various other defenses.

Nonetheless, Defendants, and each of them, have concluded that further conduct of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. Defendants have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases

¹ Caraco is no longer a publicly-traded company as a result of a merger with Sun Pharmaceutical Industries Limited, Sun Pharma Global, Inc. and Sun Laboratories, Inc. Caraco was delisted from the NYSE Amex on June 14, 2011.

² All capitalized terms have the same definition as in the Stipulation of Settlement dated February 27, 2013 and filed with the Court on February 28, 2013 (the "Stipulation").

like this Litigation. The Settlement shall in no event be construed as, or deemed to be evidence of, an admission or concession by any of the Defendants with respect to any claim of any fault, liability, wrongdoing, or damage to the Class Members in this Litigation. Should this case not be fully and finally settled, settlement may not be used for any purpose against the Defendants, and each of them, and no statements made by either the Defendants or the Plaintiffs may be deemed to constitute admissions against interest.

If the Case Had Not Settled: The Settlement must be compared to the risk of no recovery after contested dispositive motions, trial, and likely appeals. A trial is a risky proposition. The claims in the Litigation involve numerous complex legal and factual issues, many of which would require expert testimony. The Settling Parties disagree on both liability and damages and do not agree on the average amount of damages per share, if any, that would be recoverable if Plaintiffs were to have prevailed on each claim alleged. Among the many key issues about which Plaintiffs and Defendants do not agree are: (1) whether the Defendants violated the securities laws or otherwise engaged in any wrongdoing; (2) whether the misrepresentations and omissions alleged by the Plaintiffs were material, false, misleading, or otherwise actionable under the securities laws; (3) the extent (if any) that the alleged misrepresentations and omissions influenced the trading prices of Caraco securities during the relevant period; (4) the extent to which external factors, such as general market conditions, influenced the trading price of Caraco securities at various times during the Class Period; and (5) the method for determining whether, and the extent to which, purchasers of Caraco's securities suffered injury and damages that could be recovered at trial. Should the case proceed to a final judicial adjudication, there is always the possibility that there would be no recovery for the Class.

Attorneys' Fees and Expenses: Class Counsel have not received any payment for their work or expenses incurred in investigating the facts, conducting this Litigation, and negotiating the Settlement on behalf of the Plaintiffs and the Class. Class Counsel will ask the Court for attorneys' fees not to exceed thirty-three percent (33%) of the Settlement Fund and expenses not to exceed \$210,000 to be paid from the Settlement Fund. The three Plaintiffs will also request reimbursement of their actual costs and expenses (including lost wages) directly related to their representation of the Class: (1) one plaintiff will request an amount not to exceed \$7,500; (2) the second plaintiff will request an amount not to exceed \$4,320; and (3) the third plaintiff will request an amount not to exceed \$1,360. The average settlement recovery per share will be \$0.396, and, if the Court approves the request for attorneys' fees and costs, the average recovery per share after attorneys' fees and expenses will be \$0.264.

Dismissal and Releases: If the proposed Settlement is approved, the Court will enter a Final Judgment and Order of Dismissal with Prejudice (the "Judgment"). The Judgment will dismiss the Released Claims with prejudice as to the Released Persons, which include but are not limited to, the Defendants, their parent entities, subsidiaries and affiliates, and all of their employees, directors and officers. The Judgment will provide that all Class Members shall be deemed to have released and forever discharged all Released Claims (to the extent Members of the Class have such claims) against all Released Persons. The terms of the releases, including the meaning of the term "Released Claims," are set forth in the Proof of Claim and Release form that is enclosed.

Deadlines:

Submit Claim:	August 8, 2013
File Objection:	May 28, 2013
Request Exclusion:	May 28, 2013
Court Hearing on Fairness of Settlement:	June 25, 2013

More Information: WWW.GCGINC.COM

Claims Administrator:

In re Caraco Pharma. Labs., Ltd. Sec. Litig.
c/o GCG
P.O. Box 35051
Seattle, WA 98124-3508
1 (866) 280-9612

Lead Counsel and Class Counsel:³

Peter A. Binkow, Esq.
Glancy Binkow & Goldberg LLP
1925 Century Park East, Suite 2100
Los Angeles, CA 90067
1 (888) 773-9224
settlements@glancylaw.com

E. Powell Miller, Esq.
The Miller Law Firm, P.C.
950 West University Drive, Suite 300
Rochester, MI 48307
1 (248) 841-2200
epm@millerlawpc.com

³ As a Class Member, you may contact one or both of these representatives to answer any question you might have concerning any matter contained in this Notice.

- Your legal rights are affected whether you act, or don't act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

SUBMIT A CLAIM	The only way to receive a payment.
OBJECT	You may write to the Court if you do not like this Settlement.
EXCLUDE YOURSELF	Receive no payment. This is the only option that allows you to participate in another lawsuit against the Defendants relating to the class claims being released in this case.
GO TO A HEARING	You may ask to speak in Court about the fairness of the Settlement.
DO NOTHING	Receive no payment.

- You may submit a claim or object, or do both, or do nothing. However, if you timely exclude yourself, that is the only thing you can do: you may not object in writing, you may not appear at the Court Hearing on Fairness of Settlement to state any objections, and you may not submit a claim.
- If you object and do not request exclusion, you will remain a member of the Settlement Class, and if the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Class Members who do not object.
- Unless you timely request exclusion from the Class, or unless the Court rejects the proposed Settlement, you are bound by the Stipulation of Settlement and its Releases, whether or not you submit a claim or object.
- These rights and options — *and the deadlines to exercise them* — are explained in this Notice.
- The Court presiding over this case must decide whether to approve the Settlement. Payments will be made only if the Court approves the Settlement and, if there are any appeals, after appeals are resolved. Please be patient.
- The Court has authorized this Notice, but no money will be paid to anyone until after the Court holds the Settlement Hearing on June 25, 2013. The Court has not decided the merits of this case.

WHAT THIS NOTICE CONTAINS

BASIC INFORMATION	5
1. Why did I receive this notice package?.....	5
2. What is this lawsuit about?.....	5
3. Why is this a class action?.....	5
4. Why is there a settlement?	5
WHO IS IN THE SETTLEMENT	6
5. How do I know if I am part of the Settlement?	6
6. What are the exceptions to being included?.....	6
7. I'm still not sure if I am included.....	6
THE SETTLEMENT BENEFITS – WHAT YOU GET	6
8. What does the Settlement provide?.....	6
9. How much will my payment be?.....	6
HOW YOU OBTAIN A PAYMENT – SUBMITTING A CLAIM FORM	6
10. How will I obtain a payment?	6
11. When will I receive my payment?.....	6
12. What am I giving up to receive a payment?	6
EXCLUDING YOURSELF FROM THE CLASS ACTION SETTLEMENT	7
13. How do I get out of the Class?	7
14. If I do not exclude myself, can I sue the Defendants for the same thing later?.....	7
15. If I exclude myself, can I receive money from the Class Action settlement?	7
THE LAWYERS REPRESENTING YOU	7
16. Do I have a lawyer in the case?.....	7
17. How will the lawyers be paid?	7
OBJECTING TO THE SETTLEMENT	8
18. How do I tell the Court that I do not like the Settlement?.....	8
THE COURT’S SETTLEMENT HEARING	8
19. When and where will the Court decide whether to approve the Settlement?	8
20. Do I have to come to the hearing?.....	8
21. May I speak at the hearing?.....	8
IF YOU DO NOTHING	9
22. What happens if I do nothing at all?.....	9
GETTING MORE INFORMATION	9
23. Are there more details about the Settlement?.....	9
UNDERSTANDING YOUR PAYMENT – PLAN OF ALLOCATION	9
SPECIAL NOTICE TO NOMINEES	10
TAB 1	11

BASIC INFORMATION

1. Why Did I Receive This Notice Package?

You or someone in your family may have purchased or acquired Caraco Pharmaceutical Laboratories, Ltd. (“Caraco”) securities (stock symbol: CPD) between May 29, 2008 and June 25, 2009, inclusive.

This Notice was sent because you have a right to know about a proposed Settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make payments to those persons who timely submit claims in the manner described below.

This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Eastern District of Michigan, Southern Division, and the case is known as *In re Caraco Pharmaceutical Laboratories, Ltd. Securities Litigation*, Case No. 2:09-cv-12830-AJT-DAS. Lead Plaintiff Tushar Amin, along with Plaintiffs Kevin Koziatek and Jonathan Wilkof are collectively referred to as Plaintiffs, and the companies and persons they sued, including Caraco, are collectively called the Defendants. The Settling Parties include Plaintiffs and the Defendants.

2. What Is This Lawsuit About?

This Litigation alleges violations of the Federal Securities Laws (specifically Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §78j(b) and 78(t)(a)) and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5)) against Defendants.

During the Class Period, Caraco was a publicly traded Michigan corporation that maintained its principal executive offices in Detroit, Michigan. Caraco primarily developed, manufactured, marketed, and distributed generic and private-label pharmaceuticals to wholesalers, distributors, warehousing, and nonwarehousing chain drugstores and managed care providers throughout the U.S and Puerto Rico. Caraco securities traded on the NYSE Amex under the ticker symbol “CPD.”

Plaintiffs allege that, during the Class Period, Caraco’s stock price was artificially inflated as a result of a series of untrue or materially misleading statements concerning Caraco’s manufacturing operations compliance with appropriate guidelines and its ability to produce tablets of prescription medicine in uniform sizes. Plaintiffs further contend that Defendants made these statements knowing them to be false or misleading, or recklessly disregarding their false or misleading natures, and that investors suffered injury as a result of the alleged inflation. The Defendants have asserted and would have argued at trial, if the Litigation went to trial, that throughout the Class Period, all information disclosed by the Defendants regarding Caraco’s compliance with various Food and Drug Administration rules and regulations were truthful and any alleged losses experienced by Class Members were the result of non-actionable market, industry, or general economic factors.

3. Why Is This A Class Action?

Class actions are generally used in lawsuits that affect a large number of individuals. In effect, the class action operates to consolidate into a single action all of the claims of individuals allegedly harmed by the same conduct or course of conduct, thus alleviating the need for members of the class to file their own individual lawsuits to recover for the harm alleged. Once the class is certified, the Court is empowered to resolve all issues on behalf of members of the class, except for those members of the class, if any, who specifically choose to exclude themselves from the class.

The Litigation was certified as a class action on behalf of all persons or entities who purchased or otherwise acquired Caraco’s securities between May 29, 2008 and June 25, 2009, inclusive, and who were damaged thereby, other than Defendants and certain persons affiliated with them, pursuant to an Order dated February 28, 2012. All Class Period purchasers of Caraco securities stock are Members of the Class, except those persons who timely file a request for exclusion by May 28, 2013. All persons who do not timely exclude themselves from the Class will be bound by the proposed Settlement and its accompanying Releases.

4. Why Is There a Settlement?

This Notice is not an expression of opinion by the Court about the merits of any of the claims or defenses asserted by any party in the Litigation. The Court did not decide in favor of the Plaintiffs or Defendants. Instead, both sides agreed to a Settlement. This permits them to avoid the cost and uncertainty of a trial, and permits eligible Class Members who submit valid claims to receive compensation. The Plaintiffs and their attorneys believe the Settlement is best for all Class Members. The Defendants have concluded that further defense of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation of Settlement. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases such as the Litigation.

WHO IS IN THE SETTLEMENT

To see if you will receive money from this Settlement, you first have to determine if you are a Class Member.

5. **How Do I Know if I Am Part of the Settlement?**

The Class includes all persons or entities who purchased or otherwise acquired Caraco's securities between May 29, 2008 and June 25, 2009, inclusive, and who were damaged thereby.

6. **What Are the Exceptions to Being Included?**

Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families, any entity in which any Defendant has or had a legal controlling interest, and the legal representatives, heirs, successors, or assigns of any Defendant.

7. **I'm Still Not Sure if I Am Included.**

If you are still not sure whether you are included, you can ask for free help. You can call Peter A. Binkow of Glancy Binkow & Goldberg LLP at 1 (888) 773-9224 or E. Powell Miller of The Miller Law Firm, P.C. at 1 (248) 841-2200 for more information. Or you can fill out and return the claim form described in question 10, to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. **What Does the Settlement Provide?**

The Settlement will result in a fund of \$2.975 million in cash. The balance of this fund after payment of Court-approved attorneys' fees and expenses, and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing the newspaper notice (the "Net Settlement Fund") will be divided among all eligible Class Members who send in valid claim forms.

9. **How Much Will My Payment Be?**

Your share of the Net Settlement Fund will depend on the number of valid claim forms that Class Members send in, the number of Caraco securities you purchased or acquired during the relevant period, and the timing of your purchases and sales. You will not receive a payment, however, if your proportionate share of the Net Settlement Fund is less than \$10.00.

You can calculate your Recognized Claim in accordance with the formula in the attached Plan of Allocation. After all Class Members have sent in their Proof of Claim and Release forms, the payment you receive will reflect your Recognized Claim in relation to the Recognized Claims of all persons submitting claim forms. The Recognized Claim is not the amount of the payment that you can expect, but is used to determine how the Net Settlement Fund is allocated among all persons submitting claims.

HOW YOU OBTAIN A PAYMENT — SUBMITTING A CLAIM FORM

10. **How Will I Obtain a Payment?**

To qualify for payment, you must be an eligible Class Member, send in a valid Proof of Claim and Release form, and properly document your claim as requested in the claim form. A Proof of Claim and Release form is enclosed with this Notice. You may also get a Proof of Claim and Release form on the internet at WWW.GCGINC.COM. Read the instructions carefully, fill out the Proof of Claim and Release form, include the documents the form asks for, sign it, and mail it so that it is postmarked no later than August 8, 2013.

11. **When Will I Receive My Payment?**

The Court will hold a hearing on June 25, 2013, to decide whether to approve the Settlement. If the Court approves the Settlement, there may be appeals. It is always uncertain when these appeals will be resolved, and resolving them can take time, perhaps more than a year. Even if no appeals are filed, it will take several months for the Claims Administrator to process all of the Proof of Claim and Release forms and determine the ultimate distribution amounts.

12. **What Am I Giving Up to Receive a Payment?**

As a Class Member, you will be giving up certain rights that you currently have if the Court approves the Settlement. Unless you timely exclude yourself from the Class by the May 28, 2013 deadline, you are a Member of the Class and will be bound by the Release of claims against the Defendants. That means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the Released Claims in this case. It also means that all of the Court's orders will apply to you and legally bind you, and you will release your claims in this case against the Defendants. The terms of the Release are included in the claim form that is enclosed. Note: If you object, but the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Members of the Class who do not object.

QUESTIONS? CALL TOLL-FREE 1 (866) 280-9612 OR VISIT WWW.GCGINC.COM

EXCLUDING YOURSELF FROM THE CLASS ACTION SETTLEMENT

If you do not want a payment from the class action Settlement, but you want to keep the right to sue or continue to sue the Defendants on your own for the Released Claims in the class action, then you must take steps to get out of the Class. This is called excluding yourself or is sometimes referred to as opting out of the Class.

13. How Do I Get Out of the Class?

To exclude yourself from the Class, you must send a letter by mail stating that you want to be excluded from *In re Caraco Pharmaceutical Laboratories, Ltd. Securities Litigation*, Case No. 2:09-cv-12830-AJT-DAS. You must include your name, address, telephone number, your signature, and the number of shares of Caraco securities you purchased and/or acquired between May 29, 2008 and June 25, 2009, inclusive, the number of shares sold during this time period, if any, and the dates of such purchases and/or sales, and the price paid or received per share for each such purchase or sale. You must mail your exclusion request, postmarked no later than May 28, 2013, to:

In re Caraco Pharma. Labs., Ltd. Sec. Litig.
c/o GCG
P.O. Box 35051
Seattle, WA 98124-3508

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to receive any settlement payment, and you cannot object to the class action Settlement. You will not be legally bound by anything that happens in the class action lawsuit.

14. If I Do Not Exclude Myself, Can I Sue the Defendants for the Same Thing Later?

No. Unless you exclude yourself from the Class, you give up any right to sue the Defendants or the Released Persons for the Released Claims in the class action Settlement. If you have a pending lawsuit against any of the Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is May 28, 2013.

15. If I Exclude Myself, Can I Receive Money from the Class Action Settlement?

No. If you exclude yourself, do not send in a Proof of Claim and Release form.

THE LAWYERS REPRESENTING YOU

16. Do I Have a Lawyer in This Case?

The Court appointed the law firms of Glancy Binkow & Goldberg LLP and The Miller Firm, P.C. to represent you and other Class Members. These lawyers are called Lead Counsel or Class Counsel. You will not be personally liable for the fees and expenses incurred by these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How Will the Lawyers Be Paid?

Class Counsel will ask the Court for attorneys' fees not to exceed thirty-three percent (33%) of the Settlement Fund and for expenses up to \$210,000, which were advanced in connection with the Litigation. The three Plaintiffs will also request reimbursement of their actual costs and expenses (including lost wages) directly related to their representation of the Class. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payment to Class Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. Since the case began in 2009, Class Counsel have conducted all of the investigation, document review, briefing, and motions practice necessary to prepare the case for trial, and employed experts to testify on behalf of the Class. To date, Class Counsel have not been paid for their services in conducting this Litigation on behalf of the Plaintiffs and the Class, nor for their substantial expenses. Class Counsel have expended to date more than 3,200 hours of attorney time in prosecuting the Class's claims and will ask the Court for actual expenses not to exceed \$210,000 in prosecuting the Litigation. The fee requested will compensate Class Counsel for their work in achieving the Settlement Fund.

Class Counsel shall file a formal motion with the District Court for approval of the Settlement, the Plan of Allocation, and the request for attorneys' fees and reimbursement of expenses not later than 35 days prior to the Settlement Hearing. That motion will argue that Class Counsel's requested fees are well within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court determines what Class Counsel and Plaintiffs should receive from the Settlement Fund for fees and expenses, and may award less than this amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

18. How Do I Tell the Court that I Do Not Like the Settlement?

If you are a Class Member, you can object to the Settlement if you do not like any part of it, including the Plan of Allocation and the request for attorneys' fees. You can state the reasons why you think the Court should not approve it, and the Court will consider your views. To object, you must send a letter saying that you object to the Settlement in *In re Caraco Pharmaceutical Laboratories, Ltd. Securities Litigation*, Case No. 2:09-cv-12830-AJT-DAS. Be sure to include your name, address, telephone number, your signature, the number of shares of Caraco securities you purchased and/or acquired between May 29, 2008 and June 25, 2009, inclusive, and the reasons you object. The motions in support of the Settlement and the request for attorneys' fees will be filed no later than May 21, 2013, and they will be available from Class Counsel, the Claims Administrator or the Court: their contact information is listed in Section 23, below. Any objection must be mailed or delivered to each of the following such that it is received by each of the following no later than May 28, 2013:

Clerk of the Court:

Clerk of the Court
United States District Court
Eastern District Of Michigan
Theodore Levin U.S. Courthouse
231 W. Lafayette Blvd., Room 564
Detroit, MI 48226

Defendants' Counsel Designee:

Frank A. Taylor, Esq.
Briggs and Morgan, P.A.
2200 IDS Center
80 South Eighth Street
Minneapolis, MN 55402
1 (612) 977-8400
ftaylor@briggs.com

Class Counsel Designees:

Peter A. Binkow, Esq.
Glancy Binkow & Goldberg LLP
1925 Century Park East, Suite 2100
Los Angeles, CA 90067
1 (888) 773-9224
settlements@glancylaw.com

E. Powell Miller, Esq.
The Miller Law Firm, P.C.
950 West University Drive, Suite 300
Rochester, MI 48307
1 (248) 841-2200
epm@millerlawpc.com

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you do not have to.

19. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a Settlement Hearing at 2:30 p.m., on June 25, 2013, at the at the United States District Court for the Eastern District of Michigan, Theodore Levin U.S. Courthouse, 231 W. Lafayette Blvd., Courtroom 108, Detroit, Michigan 48226. At this hearing the Court will consider whether the Settlement is fair, reasonable and adequate. If there are objections, the Court will consider them. The Court will also consider how much to award to Class Counsel for fees and expenses, and whether the Plan of Allocation is fair, reasonable, and adequate. The Court may decide these issues at the hearing or take them under consideration for a later decision.

20. Do I Have to Come to the Hearing?

No. Class Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

21. May I Speak at the Hearing?

You may ask the Court for permission to speak at the Settlement Hearing. To do so, you must send a letter saying that it is your intention to appear in *In re Caraco Pharmaceutical Laboratories, Ltd. Securities Litigation*, Case No. 2:09-cv-12830-AJT-DAS. Be sure to include your name, address, telephone number, your signature, the number of shares of Caraco securities you purchased and/or acquired between May 29, 2008 and June 25, 2009, inclusive. Your notice of intention to appear must be received no later than May 28, 2013, by the Clerk of the Court, Class Counsel Designees and Defendants' Counsel Designee, at the addresses listed in question 18.

IF YOU DO NOTHING

22. What Happens if I Do Nothing at All?

If you do nothing, all of your claims against the Defendants will be released, but you will not receive any money from this Settlement because it is necessary to submit a Proof of Claim and Release form.

GETTING MORE INFORMATION

23. Are There More Details About the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Stipulation of Settlement dated as of February 27, 2013. You can obtain a copy of the Stipulation of Settlement or more information about the Settlement by contacting Class Counsel:

Peter A. Binkow, Esq.
Glancy Binkow & Goldberg LLP
1925 Century Park East, Suite 2100
Los Angeles, CA 90067
settlements@glancylaw.com
1 (888) 773-9224

E. Powell Miller, Esq.
The Miller Law Firm, P.C.
950 West University Drive, Suite 300
Rochester, MI 48307
1 (248) 841-2200
epm@millerlawpc.com

or the Claims Administrator:

In re Caraco Pharma. Labs., Ltd. Sec. Litig.
c/o GCG
P.O. Box 35051
Seattle, WA 98124-3508
1 (866) 280-9612
WWW.GCGINC.COM

You can also obtain a copy from the Clerk's office during regular business hours:

Clerk of the Court
United States District Court
Eastern District of Michigan
Theodore Levin U.S. Courthouse
231 W. Lafayette Blvd., Room 564
Detroit, MI 48226

UNDERSTANDING YOUR PAYMENT – PLAN OF ALLOCATION

The Net Settlement Fund shall be distributed to Class Members who submit acceptable Proof of Claim and Release Forms ("Authorized Claimants") in the following manner:

a. The Claims Administrator shall determine each Authorized Claimant's share of the Net Settlement Fund based upon the recognized loss formula (the "Recognized Loss") described in the Plan of Allocation, which is attached hereto as Tab 1. The Recognized Loss formula is intended to equitably apportion the Net Settlement Fund among Class Members. The Recognized Loss formula is not an estimate of what a Class Member would have recovered after trial, nor is it the amount that the Authorized Claimant will be paid pursuant to the Settlement.

b. A Class Member's actual share of the Net Settlement Fund will be determined by the ratio of the Class Member's Recognized Loss divided by the aggregate of the Recognized Loss of all Class Members.

c. This Plan of Allocation is based on the following principles applicable to Class Members if the Litigation had gone to trial:

1. Plaintiffs asserted claims pursuant to Section 10(b) of the Securities Exchange Act of 1934 ("Section 10(b)"). Damages under Section 10(b) are calculated, among other things, by determining the stock price drop caused by the disclosure of information correcting prior materially false and misleading statements or reflecting materializations of risks which were a foreseeable consequence of the alleged concealment.

d. A purchase or sale of Caraco securities shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date.

QUESTIONS? CALL TOLL-FREE 1 (866) 280-9612 OR VISIT WWW.GCGINC.COM

e. The receipt or grant by gift, devise, or operation of law of Caraco securities during the Class Period shall not be deemed a purchase or sale of Caraco securities for the calculation of an Authorized Claimant's Recognized Loss, nor shall it be deemed an assignment of any claim relating to the purchase of such securities. The grantor of the gift or devise, who purchased Caraco securities during the Class Period, shall retain the right to file a claim in this Litigation unless that right to file a claim was specifically transferred in the instrument of gift or assignment.

f. The receipt of Caraco securities during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of Caraco securities.

g. Any gains on sales of Caraco securities shall be offset against losses in calculating the Recognized Loss. To the extent a Claimant had an overall gain from transactions in Caraco securities during the Class Period, the value of the Recognized Loss will be zero.

h. No Authorized Claimant whose proportionate share of the Net Settlement Fund is less than \$10.00 shall receive a distribution from the Net Settlement Fund. Rather, that Claimant's proportionate share of the Net Settlement Fund shall be redistributed among all remaining Authorized Claimants.

i. Class Members who do not submit a timely request for exclusion and do not submit an acceptable Proof of Claim by the deadline for submitting claims, will not share in the recovery, but nevertheless will be bound by the Settlement and the Order and Final Judgment of the Court dismissing this Litigation.

j. Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

The Court has ordered that if you held any Caraco securities purchased or acquired between May 29, 2008 and June 25, 2009, inclusive, as nominee for a beneficial owner, then, within twenty (20) days after you receive this Notice, you must either: (1) send a copy of this Notice by first class mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

In re Caraco Pharma. Labs., Ltd. Sec. Litig.
c/o GCG
P.O. Box 35051
Seattle, WA 98124-3508

If you choose to mail the Notice and Proof of Claim and Release yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for administrative costs actually incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

TAB 1
Caraco Pharmaceutical Laboratories, Ltd. Securities Litigation
Proposed Plan of Allocation⁴

For shares of common stock purchased or otherwise acquired between May 29, 2008 and June 25, 2009:

- A. For shares held at the end of trading on September 22, 2009, the Recognized Loss shall be that number of shares multiplied by the lesser of:
- (1) the applicable purchase date alleged artificial inflation per share figure, as found in Table A; or
 - (2) the difference between the purchase price per share and \$3.62.⁵
- B. For shares sold between May 29, 2008 and June 24, 2009, the Recognized Loss shall be that number of shares multiplied by the lesser of:
- (1) the applicable purchase date alleged artificial inflation per share figure less the applicable sales date alleged artificial inflation per share figure, as found in Table A; or
 - (2) the difference between the purchase price per share and the sales price per share.
- C. For shares sold between June 25, 2009 and September 22, 2009, the Recognized Loss shall be the lesser of:
- (1) the applicable purchase date alleged artificial inflation per share figure, as found in Table A; or
 - (2) the difference between the purchase price per share and the sales price per share; or
 - (3) the difference between the purchase price per share and the average closing price of Caraco common stock between June 25, 2009 and the date of sale.⁶

Table A

Purchase or Sale Date Range	Alleged Artificial Inflation Per Share
05/29/2008 – 10/31/2008	\$5.46
11/03/2008	\$5.02
11/04/2008 – 01/28/2009	\$3.84
01/29/2009	\$3.57
01/30/2009 – 03/30/2009	\$2.99
03/31/2009	\$1.89
04/01/2009 – 05/28/2009	\$1.59
05/29/2009	\$0.98
06/01/2009 – 06/25/2009	\$0.88

⁴ The Settlement of this Litigation is governed by Fed. R. Evid. 408 and similar state Rules of Evidence. The Defendants' decision to settle the Litigation shall in no event be construed as, or deemed to be evidence of, an admission or concession by Defendants with respect to any claim of fault, liability, wrongdoing, or damage whatsoever, and may not be construed to contain any admissions against the interests of the Defendants. All capitalized terms in this Proposed Plan of Allocation shall have the same meanings assigned to them in the Stipulation of Settlement dated February 27, 2013.

⁵ Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995, "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated." \$3.62 was the mean closing price of Caraco common stock during the 90-day period beginning on June 25, 2009 and ending on September 22, 2009.

⁶ Pursuant to Section 21(D)(e)(2) of the Private Securities Litigation Reform Act of 1995, "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, if the plaintiff sells or repurchases the subject security prior to the expiration of the 90-day period described in paragraph (1), the plaintiff's damages shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the security and the mean trading price of the security during the period beginning immediately after dissemination of information correcting the misstatement or omission and ending on the date on which the plaintiff sells or repurchases the security."

Caraco Pharmaceutical Laboratories, Ltd. Securities Litigation
Summary of Alleged Damages and Settlement Recovery Under Proposed Allocation

		<u>Calculation</u>
(1)	Number of Shares Purchased and Damaged:	7,520,944
(2)	Total Damages Based on Plan of Allocation:	\$15,247,185
(3)	Average Compensable Damage per Share:	\$2.027 (2) / (1)
(4)	Settlement Amount:	\$2,975,000
(5)	Settlement Amount as % of Damages:	19.51% (4) / (2)
(6)	Average Settlement Recovery per Share:	\$0.396 (5) x (3)
(7)	Attorney's Fees and Expenses per Share:	\$0.132 (1/3 x (4)+ \$0) / (1)
(8)	Average Recovery per Share after Attorneys Fees and Expenses	\$0.264 (6) - (7)